

## Message Text

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PAGE 01 WELLIN 01135 070436Z  
ACTION EA-12

INFO OCT-01 ISO-00 PA-02 INR-10 EB-08 /033 W  
-----001174 070438Z /70

O 070405Z MAR 78  
FM AMEMBASSY WELLINGTON  
TO USINFO WASHDC IMMEDIATE  
INFO SECSTATE WASHDC 5090  
CINCPAC HONOLULU

UNCLAS WELLINGTON 01135

FOR: IOR IBS IPS, CINCPAC FOR USIA ADVISOR

EO 11652: N/A  
SUBJECT: MEDIA REACTION DOLLAR

1. THE OTAGO DAILY TIMES, MARCH 4, UNDER THE HEADING  
"THE DOLLAR BATTLE" COMMENTED EDITORIALY:
2. "RECOVERY FROM THE ECONOMIC RECESSION INDUCED BY  
THE WORLD ENERGY CRISIS HAS BEEN ACHIEVED, TO A  
SUBSTANTIAL DEGREE AT LEAST, BY A NUMBER OF THE WORLD'S  
INDUSTRIAL NATIONS, AND NEW ZEALAND WOULD DEARLY WISH  
TO BE AMONG THEIR RANKS. BUT WE HAVE PARTICULAR PROBLEMS  
OF MARKETING, INCLUDING TRANSPORT, A CONSIDERABLE APPE-  
TITE FOR OIL AND THE MACHINERY IT DRIVES AND WHAT CAN FAIR-  
LY BY DESCRIBED AS A MARKED RELUCTANCE AS A NATION TO FACE  
UP TO THE GRIM REALITIES OF OUR SITUATION.
3. "WE ARE NOT ALONE IN THIS. IN FACT, WE ARE IN MANY  
RESPECTS BUT AN ECHO OF THE UNITED STATES, AND IT IS TIME  
WE TOOK MORE NOTICE OF WHAT IS HAPPENING TO THE AMERICAN  
ECONOMY. WHAT ONCE, WITH JUSTIFICATION COULD BE CALLED  
THE 'ALMIGHTY DOLLAR' IS NOW IN A MOST SERIOUS POSITION,  
PERHAPS NOT ON ITS KNEES, BUT GETTING RATHER CLOSE TO IT.  
ITS VALUE ON THE INTERNATIONAL MONEY MARKET HAS PLUMMETED

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AGAIN - REFLECTING, AS THE CABLE MESSAGE REPORTS, A GROW-  
ING SENSE OF CRISIS SURROUNDING THE SAGGING AMERICAN  
CURRENCY.

4. "AT THE END OF 1977, THE CARTER ADMINISTRATION MOVED  
TO DEFEND THE DOLLAR AGAINST WORLD SPECULATORS AND  
FREED 25,000 MILLION DOLLARS FOR MARKET INTERVENTION.

THE EFFECT WAS IMMEDIATE, BUT WHAT HAD BEEN INTENDED AS LONG-TERM RESUSCITATION HAS TURNED OUT TO BE MERELY A DEEP BREATH. THE MARKETS HAVE BIDED THEIR TIME FOR A COUPLE OF MONTHS TO SEE IF WASHINGTON WOULD REPAIR THE FUNDAMENTAL WEAKNESS IN THE AMERICAN ECONOMY, AND THEY HAVE NOW DECIDED THEY HAVE WAITED LONG ENOUGH.

5. "THAT FUNDAMENTAL WEAKNESS IS THE MASSIVE UNITED STATES TRADE DEFICIT OF SOMETHING LIKE 30,000 MILLION DOLLARS AND THE ADMINISTRATION'S FAILURE TO ACT WITH SUFFICIENT RESOLVE TO REDUCE IT. THE JAPANESE MUST ACCEPT SOME OF THE BLAME BECAUSE OF THEIR RESTRICTIVE PRACTICES, BUT THE PRINCIPLE CAUSE LIES WITHIN THE UNITED STATES ITSELF - AN INSATIABLE APPETITE FOR OIL THAT IS FAR FROM MET BY ITS OWN PRODUCTION. AS SOON AS MR CARTER BECAME PRESIDENT AT THE BEGINNING OF LAST YEAR HE SET A TEAM TO WORK DEVELOPING AN AMBITIOUS SET OF ENERGY CONSERVATION PROPOSALS. GRADUALLY THEY HAVE BEEN WATERED DOWN OR BLOCKED BY CONGRESS, AND IT MUST NOW BE DOUBTED WHETHER ANY MEANINGFUL PACKAGE WILL EVENTUALLY EMERGE.

6. "WHAT HAS HAPPENED IS THAT MR CARTER, POSSIBLY DISTRACTED BY HIS OTHER CRUSADES ON THE WORLD STAGE, HAS FAILED TO CONVINCE THE AMERICAN PEOPLE THAT THEY MUST ACCEPT THE URGENCY OF THE SITUATION, AND THE STERN UNCLASSIFIED

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MEASURES THAT ARE NEEDED. NOR IS HE SPEAKING TO A RECEPTIVE AUDIENCE. THE INGRAINED AFFLUENCE OF AMERICANS CONTROLS THEIR THINKING, AND THE FACT THAT INTERNALLY THE ECONOMY IS RECOVERING RELATIVELY WELL ONLY SERVES TO WHET THEIR OIL APPETITE AND TO INSULATE THEM FURTHER FROM THEIR INTERNATIONAL DETERIORATION. TOUGH DECISIONS AND SACRIFICES HAVE TO BE MADE, AND IT IS A SHARP LESSON FOR NEW ZEALAND WATCHING FROM THE SIDELINES." ANDERSON

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## Message Attributes

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**Review Markings:**  
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